

KULICKE & SOFFA INDUSTRIES INC
Form 424B5
August 06, 2009

**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-160426**

**Prospectus Supplement
(to Prospectus dated July 23, 2009)**

7,000,000 Shares

Common Stock

We are offering 7,000,000 shares of our common stock. Our common stock is listed on the NASDAQ Global Market under the symbol KLIC.

Investing in our common stock involves a high degree of risk. You should carefully consider the discussion under Risk Factors beginning on page S-7 of this prospectus supplement, on page 5 of the accompanying prospectus and in the reports we file with the Securities and Exchange Commission that are incorporated by reference into this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	PER SHARE	TOTAL
Public Offering Price	\$5.000	\$35,000,000
Underwriting Discounts and Commissions	\$0.125	\$875,000
Proceeds to Kulicke and Soffa Industries, Inc. (Before Expenses)	\$4.875	\$34,125,000

Delivery of the shares of common stock is expected to be made on or about August 11, 2009. The Company has granted the underwriter an option for a period of 30 days to purchase, on the same terms and conditions as set forth above, up to an additional 1,000,000 shares of our common stock to cover over-allotments. If the underwriter exercises the option in full, the total underwriting discounts and commissions payable by us will be \$1,000,000 and the total proceeds to us, before expenses, will be \$39,000,000.

Sole Book-Running Lead Manager

Jefferies & Company

Prospectus Supplement dated August 5, 2009

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You should rely only on the information contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus and any free writing prospectus that we authorize to be distributed to you. You may obtain the information incorporated by reference into this prospectus supplement without charge by following the instructions under Where You Can Find More Information and Information Incorporated by Reference below. We have not, and the underwriter has not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not and the underwriter is not making an offer to sell these securities or soliciting

an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus and any free writing prospectus is accurate only as of the dates on of those documents. Our business, financial condition, results of operations and prospects may have changed since such respective dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a registration statement that we have filed with the Securities and Exchange Commission, or the SEC, using a shelf registration. This document contains two parts. The first part is the prospectus supplement, which describes the specific details regarding this offering, including the price, amount of common stock being offered, the risks of investing in our common stock and other items. The second part is the accompanying prospectus, which provides more general information about the securities we may offer from time to time under the shelf registration statement, some of which may not apply to the common stock offered by this prospectus supplement. If there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, the information in this prospectus supplement will control. You should read both this prospectus supplement and the accompanying prospectus together with the additional information described in [Where You Can Find More Information](#) and [Information Incorporated by Reference](#) before you decide whether to invest in the securities.

This prospectus supplement and the accompanying prospectus summarizes certain documents and other information, and we refer you to them for a more complete understanding of what we discuss in this prospectus supplement and the accompanying prospectus. In making an investment decision, you must rely on your own examination of our Company and the terms of this offering and the common stock, including the merits and risks involved.

We are not making any representation to any purchaser of the common stock regarding the legality of an investment in the common stock by such purchaser. You should not consider any information in this prospectus supplement or the accompanying prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor or tax advisor for legal, business and tax advice regarding an investment in the common stock.

All references in this prospectus supplement and the accompanying prospectus to [Kulicke and Soffa](#), [K&S](#), the [Company](#), [our](#), [us](#) and [we](#) refer to [Kulicke and Soffa Industries, Inc.](#) and its consolidated subsidiaries, except where the context otherwise requires or as otherwise indicated.

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FORWARD-LOOKING STATEMENTS

In addition to historical information, this prospectus supplement and the accompanying prospectus, including the information incorporated by reference into this prospectus supplement and the accompanying prospectus, contain statements relating to future events or our future results. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and are subject to the safe harbor provisions created by statute. Such forward-looking statements include, but are not limited to, statements that relate to our future revenue, product development, demand forecasts, competitiveness, operating expenses, cash flows and liquidity, profitability, gross margins, product prices, and benefits expected as a result of (among other factors):

projected demand in the overall semiconductor industry, the semiconductor assembly equipment market, and the market for semiconductor expendable tools; and

projected demand for ball, wedge and die bonder equipment.

Generally, words such as may, will, should, could, anticipate, expect, intend, estimate, plan, believe, or the negative of or other variations on these and other similar expressions, identify forward-looking statements. These forward-looking statements are made only as of the date of this prospectus supplement. We do not undertake to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements are based on current expectations and involve risks and uncertainties. Our future results could differ significantly from those expressed or implied by our forward-looking statements. These risks and uncertainties include, without limitation, those described in this prospectus supplement and the accompanying prospectus and those incorporated by reference into this prospectus supplement and under the heading Risk Factors within our reports and registration statements filed from time to time with the SEC, which are incorporated by reference into this prospectus supplement. This discussion should be read in conjunction with our consolidated financial statements and the accompanying notes incorporated by reference into this prospectus supplement.

We operate in a rapidly changing and competitive environment. New risks emerge from time to time and it is not possible for us to predict all risks that may affect us. Future events and actual results, performance and achievements could differ materially from those set forth in, contemplated by or underlying the forward-looking statements, which speak only as of the date on which they were made. Except as required by law, we assume no obligation to update or revise any forward-looking statement to reflect actual results or changes in, or additions to, the factors affecting such forward-looking statements. Given those risks and uncertainties, investors should not place undue reliance on forward-looking statements as prediction of actual results.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary contains basic information about us, the common stock and this offering. It highlights certain information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. Because this is a summary, it does not contain all of the information that you should consider before investing in our common stock. You should read this entire prospectus supplement, including the section entitled Risk Factors, the accompanying prospectus and our financial statements and the accompanying notes to the financial statements and the other documents included therein and incorporated by reference into this prospectus supplement and the accompanying prospectus before making an investment decision.

Kulicke and Sofa Industries, Inc.

We design, manufacture and market capital equipment and expendable tools, as well as service, maintain, repair and upgrade equipment, all used to assemble semiconductor devices, power semiconductors, power modules, LEDs and discrete devices. Our customers primarily consist of integrated device manufacturers, or IDMs, and subcontractor assembly companies. According to VLSI Research, Inc., or VLSI, we are the world's leading supplier of semiconductor ball bonder and wedge bonder assembly equipment.

We operate two main business segments, Equipment and Expendable Tools, and our goal is to be the technology leader and the lowest cost supplier in both these segments. Accordingly, we invest in research and engineering projects intended to enhance our position at the leading edge of semiconductor assembly technology. We also focus on reducing costs by consolidating operations, moving manufacturing to Asia, and sourcing from lower cost suppliers.

Cost reduction efforts are an important part of our normal ongoing operations, and are expected to generate efficiencies without affecting continuous improvement in overall product quality.

During our first fiscal quarter of 2009, we completed the sale of our Wire business to W.C. Heraeus GmbH, or Heraeus, and acquired Orthodyne Electronics Corporation, or Orthodyne, the world's leading wedge bonder manufacturer, as we refocused our business strategy on providing market leading assembly equipment.

Equipment Segment

Our Equipment segment includes ball bonders (used to connect fine gold and copper wires in semiconductor devices), wedge bonders (used to connect both fine and heavy aluminum wire or ribbon in power semiconductors and modules) and die bonders (used to attach die to the semiconductor package).

In March 2008, we launched a new generation of ball bonders, called the Power Series, which includes our *IConn^{PS}* and *ConnX^{PS}* products. In 2008, the *IConn^{PS}* machine won the Advanced Packaging magazine award for top new product in its class, the second time in three years a K&S product received this recognition. In the second quarter of fiscal 2009, we launched the *ConnX-VLED_{PS}TM* automatic ball bonder, an extension of our *ConnX^{PS}* ball bonder, designed specifically for vertical LED applications. Devices bonded with a vertical orientation of the lead frame include high brightness and high-power LED lamps, and represent a growing portion of the overall LED market.

During our first fiscal quarter of 2009, we completed the acquisition of substantially all of the assets and assumption of certain liabilities of Orthodyne, the leading supplier of both wedge bonders and wedges (the consumable product used in wedge bonding) for the power management and hybrid module markets. As a result of this acquisition, we now have a broad portfolio of wedge bonding products, which we believe allows us to address a significantly larger

total available market for our products. Our 3600plus and 7200plus wedge bonders are current market leaders for power interconnects in both the power hybrid and semiconductor markets. Our 7600 series wedge bonder is targeted primarily at the market for small power packages and will extend our product portfolio to include reel-to-reel type applications. The *PowerRibbon*® is a leading-edge interconnect for small power packages and high power applications, including automotive hybrid modules or other high current applications.

During the second fiscal quarter of 2009, we launched the *iStack_{PS}*TM, a next generation die bonding platform for stacked die and high-performance ball grid array applications. *iStack_{PS}*TM includes a number of innovative features that increase bonding speed, accuracy, and reliability. *iStack_{PS}*TM is capable of delivering significant productivity increases over the current generation of competing die bonders.

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Expendable Tools

We sell a range of expendable tools for the semiconductor packaging and assembly market. Our expendable tools are designed for use on both our own and our competitors' assembly equipment. Ball and wedge bonders use a capillary or wedge tool much like a sewing machine uses a needle. Our expendable tools include a wide variety of capillaries, wedge tools, clamp tooling, cutter blades, wire guides and wafer saw blades. This segment tends to be less volatile than our Equipment business, since sales of Expendable Tools represent consumable purchases for our customers.

Accordingly, these volumes follow the overall trend of total semiconductor interconnect unit production.

Additional Information

K&S was incorporated in Pennsylvania in 1956. Our principal offices are located at 1005 Virginia Drive, Fort Washington, Pennsylvania 19034 and our telephone number is (215) 784-6000. We maintain a website with the address *www.kns.com*. We are not including the information contained on our website as a part of, or incorporating it by reference into, this prospectus supplement. We make available free of charge (other than an investor's own Internet access charges) on or through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to these reports, as soon as reasonably practicable after the material is electronically filed with or otherwise furnished to the SEC. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are also available on the SEC website at *www.sec.gov*.

Recent Developments

Third Fiscal Quarter 2009 Results

In recent months, increases in IC unit output drove improvements in our customers' factory utilization and increased demand across nearly all of our business units. As a result, we have seen increased demand for our products during the third fiscal quarter ended June 27, 2009 as compared to the second fiscal quarter ended March 28, 2009. Net revenue from continuing operations for our third fiscal quarter was \$52.1 million, an increase of 106% from our previous fiscal quarter. In our Equipment segment, net revenue increased by 121% and our gross profit increased by 170% as compared to our previous fiscal quarter. Ball bonder revenue increased 332% over second fiscal quarter levels. Approximately 20% of ball bonder units shipped in the third fiscal quarter were to the LED market. We continue to optimize our product portfolio for this important and growing segment. Our wedge bonder business saw an increase in customer activity during the third fiscal quarter, with sales of wedge bonding tools up significantly and customer interest in wedge bonder equipment increasing. Expendable Tools sales increased 76% over the previous fiscal quarter, consistent with the recovery in customer factory utilization.

We are forecasting net revenue of \$85 to \$90 million for our fourth fiscal quarter of 2009 due to increases in IC unit output and increased demand in nearly all of our business units.

For a more comprehensive discussion of our third fiscal quarter results, including segment information and comparisons to the three and nine months ended June 28, 2008, see our Quarterly Report on 10-Q for the quarter ended June 27, 2009.

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The Offering

Common Stock offered by us

7,000,000 shares

Common Stock to be outstanding immediately after this offering*

68,306,612 shares

Option to Purchase Additional Shares

We have granted to the underwriter an option to purchase up to 1,000,000 additional shares of common stock at the public offering price, less the underwriting discount within 30 days from the date of this prospectus supplement, solely to cover over-allotments.

Use of Proceeds

The net proceeds from this offering, after deducting the underwriter's discounts and our estimated offering expenses, will be approximately \$33.80 million (or approximately \$38.68 million if the underwriter exercises its over-allotment option in full).

We intend to use the net proceeds from the offering to fund working capital requirements and for general corporate purposes.

NASDAQ Global Market Symbol

KLIC

Risk Factors

You should read "Risk Factors" beginning on page S-7 of this prospectus supplement, page 5 of the accompanying prospectus and in the reports we file with the SEC that are incorporated by reference into this prospectus supplement to better understand the risks associated with an investment in our common stock.

The number of shares of common stock outstanding after the offering is based on 61,306,612 shares outstanding as of July 27, 2009. This number excludes as of July 27, 2009, 4,922,672 shares of common stock issuable upon the exercise of outstanding and vested stock options, 1,925,547 shares of outstanding restricted stock, 3,813,037 shares *of common stock issuable upon conversion of our outstanding 1.0% Convertible Subordinated Notes and 7,662,831 shares of common stock issuable upon conversion of our outstanding 0.875% Convertible Subordinated Notes. In addition, except as otherwise indicated, the information throughout this prospectus supplement assumes no exercise by the underwriter of its over-allotment option to purchase up to an additional 1,000,000 shares of common stock.

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The following table reflects selected historical consolidated financial data derived from the consolidated financial statements of Kulicke and Soffa Industries, Inc. and subsidiaries as of and for each of the five fiscal years ended 2004, 2005, 2006, 2007 and 2008. The selected financial data for the nine months ended June 27, 2009 and June 28, 2008 has been derived from the interim consolidated financial statements of Kulicke and Soffa Industries, Inc. and its subsidiaries. The selected financial data for the nine months ended June 27, 2009 reflects the acquisition of Orthodyne. All periods have been reclassified to reflect our Wire business as a discontinued operation. Due to this change, fiscal 2004, 2005, 2006 and 2007 and the nine months ended June 28, 2008 financial data have been revised from our previously issued consolidated financial statements. This data should be read in conjunction with our consolidated financial statements, including the accompanying notes and other financial information incorporated by reference into this prospectus supplement and the accompanying prospectus.

	Year Ended					Nine	Nine
	September	September	September	September	September	Months	Months
	30,	30,	30,	29,	27,	Ended	Ended
	2004	2005	2006	2007	2008	June 28,	June 27,
						2008	2009
	<i>(in thousands, except per share amounts)</i>						
Statement of							
Operations Data:							
Net revenue:							
Equipment	\$361,244	\$201,608	\$319,788	\$316,718	\$271,019	\$224,061	\$78,180
Packaging Materials (Expendable Tools)	62,887	58,394	60,508	53,808	57,031	42,759	36,544
Total net revenue	424,131	260,002	380,296	370,526	328,050	266,820	114,724
Cost of sales:							
Equipment	208,616	115,645	178,599	188,055	165,499	136,550	54,833
Packaging Materials (Expendable Tools)	28,008	27,409	28,474	27,035	28,758	21,343	18,249
Total cost of sales ⁽¹⁾	236,624	143,054	207,073	215,090	194,257	157,893	73,082
Operating expenses:							
Equipment	79,674	70,628	89,684	113,444	122,302	91,068	102,507
Packaging Materials (Expendable Tools)	18,236						